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8 **UNITED STATES DISTRICT COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA**  
10 **OAKLAND DIVISION**

11 FEDERAL TRADE COMMISSION,  
12 Plaintiff,  
13 v.  
14 MICROSOFT CORPORATION, et al.,  
15 Defendants.  
16

Case No. 3:23-cv-02880-JSC

**DECLARATION OF CHRISTOPHER  
SCHENCK IN SUPPORT OF PLAINTIFF  
FEDERAL TRADE COMMISSION'S  
ADMINISTRATIVE MOTION TO FILE  
UNDER SEAL**

17 I, Christopher Schenck, declare and state as follows in support of Plaintiff Federal Trade  
18 Commission's Administrative Motion to Consider Whether Another Party's Material Should Be  
19 Sealed (Dkt. # 128):

20 1. I am in-house counsel at Valve. I am competent to testify, and have personal  
21 knowledge of the facts stated below.

22 2. Valve is a private company headquartered in Bellevue, Washington with  
23 approximately 350 employees that develops PC video games. Valve also operates Steam, an  
24 online platform that lets users purchase and play PC games on their laptops and desktops. Over  
25 50,000 PC games are available on Steam, more than 99% of which were made by third parties  
26 other than Valve.

3. Valve is a privately held company with no outside shareholders or lenders. It is not subject to public regulatory reporting and auditing requirements. Valve does not publicly disclose its sales and revenue information and projections or its business strategies. Valve derives a significant value from the confidentiality of such information. In addition, because third party games are available on Steam, Valve has a large amount of confidential third-party sales and revenue information, which Valve does not publicly disclose in order to protect the third parties' confidentiality. Our agreements with these third parties require us to keep this information confidential.

4. In response to Plaintiff Federal Trade Commission (the "FTC")'s February 7, 2023 subpoena in an administrative matter before the Federal Trade Commission Office of Administrative Law Judges (*In the Matter of Microsoft Corp. and Activision Blizzard, Inc.*, FTC Docket No. 9412), and pursuant to the Protective Order Governing Confidential Material entered on December 9, 2022 in that matter, Valve produced a document that contained highly confidential and competitively sensitive sales and financial information related to the Steam Deck under a "Attorneys' Eyes Only" designation and under Bates number VALVE\_FTC\_MS\_ACT\_000001. The FTC has included that document on its Exhibit List as PX3311 in this proceeding. Valve requests sealing of the following document, in its entirety, as shown below, which discloses Valve's confidential information:

Document	Portion to be Sealed
VALVE_FTC_MS_ACT_000001 (PX3311)	<ul style="list-style-type: none"><li>Entire Document</li></ul>

5. PX3311/VALVE\_FTC\_MS\_ACT\_000001 was not kept or created by Valve in the ordinary course of business in the form requested by the FTC. Instead, Valve was required to specially query and combine information from internal Valve sources to compile it in the form produced. This is the information sought to be sealed here. This information is proprietary to Valve, with restricted and controlled access (including through password protection) within Valve to preserve the confidentiality of this information.

1           6.       PX3311/VALVE\_FTC\_MS\_ACT\_000001 contains Valve's highly confidential  
2 sales and revenue information regarding the Steam Deck. This information was produced by  
3 Valve under a "Attorneys' Eyes Only" designation. Valve does not disclose or share this  
4 information outside the company, particularly to any competitor. Valve has chosen to stay  
5 private in part to avoid the intrusiveness and competitive harm that would come from publicly  
6 disclosing and reporting exactly this type of information. Valve derives significant value from  
7 keeping this information confidential and zealously protects its confidentiality. Public disclosure  
8 of this information would harm Valve's competitive standing as it would give significant and  
9 unfair insight into Valve's internal operations, financials, and business strategy related to video  
10 game hardware. Valve would face substantial harm to its competitive standing and to its business  
11 operations.

12           7.       Valve has expended significant resources and implemented strict measures to  
13 prevent disclosure of the confidential information contained in  
14 PX3311/VALVE\_FTC\_MS\_ACT\_000001, including by storing such information under  
15 password protection on internal Valve servers, limiting access to certain of the information  
16 described above to certain Valve employees with a specific need to know, and not making such  
17 information publicly available (including to any outside investors or lenders, which Valve does  
18 not have). The confidential Valve information contained in  
19 PX3311/VALVE\_FTC\_MS\_ACT\_000001 would not be available in the ordinary course of  
20 business to Valve's competitors or the public, and it would put Valve at a competitive  
21 disadvantage if this exhibit was made part of the public record in this matter.

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1 I declare under penalty of perjury that the foregoing is true and correct. Executed on June  
2 21, 2023 at Bellevue, Washington.

3 DocuSigned by:

4 *Christopher Schenck*

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6 Christopher Schenck